

Chart 1
USA Funds' Mississippi Loan Volume
by Loan Type

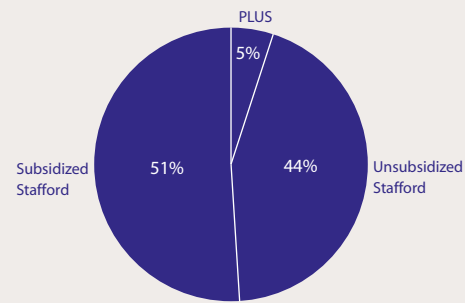
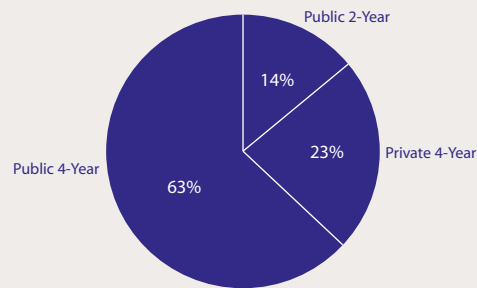


Chart 2
USA Funds' Mississippi Loan Volume
by Institution Type



USA Funds® is the nation's leading education-loan guarantor. A nonprofit corporation, USA Funds works to enhance postsecondary-education preparedness, access and success by providing and supporting financial and other valued services.



www.usafunds.org



USA Funds® has served Mississippi as its designated guarantor of federal education loans since 1994. As Mississippi's designated guarantor, USA Funds links colleges, universities, career colleges, private lenders, students and parents to promote financial access to college. USA Funds supports critical education-loan services, including loan-application processing, customer assistance, and default prevention and recovery, as well as policy guidance and training of school and lender staff.

During the fiscal year ending Sept. 30, 2005, USA Funds guaranteed nearly \$276 million in new education loans to nearly 39,000 Mississippi borrowers — including 37,076 students and 1,895 parents — and served 31 postsecondary institutions in Mississippi.

USA Funds works with Mississippi schools and lenders to help reduce student-loan-default rates. During the last 10 years, Mississippi's default rate has dropped more than 71 percent. The most-recent default measure, the 2003 cohort-default rate, fell to 5.4 percent — a decline of nearly 16 percent from the previous year in the default rate among Mississippi borrowers. The cohort-default rate measures the percentage of students who entered repayment on their education loans during a given federal fiscal year and defaulted on their loans prior to the end of the following fiscal year.

Debt-management initiatives

To partner with postsecondary institutions in their debt-management efforts, USA Funds in 2005 provided a broad spectrum of services in Mississippi, including the following:

- ◇ USA Funds' debt-management consultants assisted nine Mississippi schools in their work to curb student-loan defaults.
- ◇ To equip postsecondary institutions to teach their students to manage their time and money wisely while they are on campus and after graduation, USA Funds offers the USA Funds Life Skills® financial-literacy course. The number of schools in various stages of implementing USA Funds Life Skills in Mississippi stands at 21.
- ◇ Seven schools in Mississippi use USA Funds-provided tools that help students and graduates stay on the path to successful repayment. The new, Web-based USA Funds Debt ManagerSM assists with call or letter campaigns to borrowers experiencing repayment difficulties.
- ◇ To give schools greater flexibility as they help students track their education loans, USA Funds supports the Borrower Debt Management Information Service. Schools often use the service during student-loan exit counseling with borrowers.
- ◇ USA Funds conducted two debt-management workshops in Mississippi to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 49 higher-education professionals took part in the Jackson workshops.

USA Funds also supported a variety of other programs for schools and lenders, and the students and families they serve, to enhance preparation for, access to and success in higher education in 2005.

Mississippi advisory council

To ensure that its services meet the needs of postsecondary education in Mississippi, USA Funds hosts regular meetings of its Mississippi financial-aid advisory council. The council includes financial-aid administrators from Mississippi colleges and universities, as well as representatives of lending institutions and officials of the Mississippi Office of Student Financial Aid.

Staff-training opportunities

USA Funds helps colleges and lenders comply with program regulations and keeps them informed of policy developments and improved services through a wide array of training opportunities, including free

workshops in Mississippi. During fiscal 2005 USA Funds conducted six financial-aid workshops, in Hattiesburg, Jackson and Tupelo, for 125 participants.

Ten education-lending professionals attended a USA Funds Education-Lender Forum in Jackson to stay up to date on developments in the education-finance marketplace.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 359 new and renewal scholarships totaling \$534,000 to deserving college-bound students in Mississippi for the 2005-2006 academic year. Awards to Mississippi students through the program total more than \$1.7 million in the last four years alone. These scholarships assist students in financial need — particularly those who are either members of ethnic-minority groups or are physically disabled — as they finance their higher education.

USA Funds committed \$2.3 million to a scholarship fund through Scholarship America for students affected by hurricanes in 2005. Established in 2004, the Disaster Relief Fund for Postsecondary Education Students assists low-income students attending schools in disaster areas in five states, including Mississippi.

Additionally, under the USA Funds Scholars program, USA Funds awarded \$15,000 in scholarships to graduating seniors from five Mississippi high schools. USA Funds Scholars are outstanding students in USA Funds' designated states and in communities in which USA Funds has offices.

Early awareness program

USA Funds offers at no cost to Mississippi schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program. Eight schools and organizations took advantage of the program, which introduces students and their families to the benefits of and options for education after high school.

College-planning Web site

Partnering with College Answer®, the foremost online resource for “going-to-college” information, USA Funds presents Mississippi College Answer. Located at www.mississippi.collegeanswer.com, Mississippi College Answer offers students and families information to assist in planning and paying for higher education, plus free access to a database of billions of dollars in scholarships.

Learning Communities

USA Funds joined a coalition of organizations that are focusing services on six pilot communities — including Okalona School District in Okalona — in a bid to improve access to postsecondary education for low-income students. The Learning Communities Coalition is partnering with local leaders across the nation to significantly increase the number of youths in the selected communities who complete high school and successfully pursue postsecondary education.

ScholarShop

As part of its involvement in the Learning Communities Coalition, USA Funds provided a grant for developing a ScholarShop site in Okalona. Among the other ScholarShop locations supported by USA Funds are those in Greenville and Jackson. A program of Scholarship America, ScholarShop is a curriculum and resource center designed to motivate and prepare students for postsecondary education.

GEAR UP Mississippi

USA Funds provided a grant and scholarship funding to support GEAR UP Mississippi and its work to promote preparation for, pursuit of and access to higher education for middle- and high-school students. GEAR UP Mississippi targets students who attend schools with high populations of low-income pupils.

E-Learning Center

Through a grant to the Mississippi Institutions of Higher Learning, USA Funds partnered with Delta State University on its e-learning-center project. Located on the DSU campus, the center permits school districts in the Mississippi Delta to offer selected college-preparatory subjects that the schools otherwise could not provide.

College-preparation publications and events

USA Funds for the second-consecutive year was a sponsor of *Mississippi Next* magazine. The publication is a guide for high-school juniors and seniors that outlines postsecondary-education and career opportunities. As part of its sponsorship of *Mississippi Next* magazine, USA Funds committed to fund a \$1,500 scholarship to a 2006 graduating Mississippi high-school senior for use at any Mississippi postsecondary-education institution.

Additionally, USA Funds provided funding and staff support for regional college fairs conducted by *Parents & Kids* magazine.

Table 1

25 Largest Mississippi Schools by Loan Volume Served by USA Funds

Jackson State University
Mississippi Valley State University
Mississippi State University
University of Southern Mississippi
Mississippi College
Belhaven College
University of Mississippi
Mississippi University for Women
William Carey College
East Mississippi Community College
Delta State University
Mississippi College School of Law
Mississippi Gulf Coast Community College
Jones County Junior College
Hinds Community College
Tougaloo College
Pearl River Community College
East Central Community College
Northwest Mississippi Community College
Rust College
Holmes Community College
Northeast Mississippi Community College
Copiah-Lincoln Community College
Meridian Community College
Wesley Biblical Seminary

Table 2

10 Largest Lenders by Loan Volume Served by USA Funds in Mississippi

AmSouth Bank
Trustmark Bank
Education Services Foundation
Bank One
J.P. Morgan Chase
Student Loan Xpress
Sallie Mae Education Trust
Bancorp South
Citibank Student Loans
Cadence Bank (formerly National Bank of Commerce of Mississippi)